



# Cognizant

## The Work Ahead in Retail: Redefining Shopping for a Post- Pandemic World

In the last few years, traditional retailers have struggled to effectively adjust to a world of e-commerce. Now, with the pandemic as a further existential challenge, there's no turning back. In our study, retailers show a renewed focus on combining the best of physical and online shopping to reignite sustained growth in the decades to come.

THE WORK AHEAD

## Executive Summary

**Retailers are prioritizing analytics, artificial intelligence and Internet of Things to create experiences that bring the best of the physical to the virtual, and vice-versa. New models of retail will result that seamlessly blend the two worlds.**



**A walk down a Main Street, a High Street or any other commerce center around the world right now tells a sorry story — a story of the pandemic and of a retail industry utterly changed by forces beyond its control.**

Even as some stores cautiously re-open for business, others have shuttered for good, leaving gaping holes in their wake — including some beloved shops that for years served as landmarks of the urban landscape. Their absence now raises big questions about how to redefine what is left behind.

Meanwhile, the wheels of commerce continue to spin — both invisibly, from our phones, tablets and laptops, and visibly, from the constant stream of delivery trucks down our streets, the acres of land covered in new Amazon fulfillment centers, and the curbsides and parking spaces dedicated to non-contact pickup.

While physical stores have increasingly bent the knee to their more digitally adept and born-virtual counterparts for two-plus decades, that's nothing compared with the past 12-plus months. In droves, consumers turned to online shopping to protect both their health (with groceries and necessities) and their sanity (with the not-so-necessaries).

But even as many of these shopping behaviors continue, and buy online/pickup in-store and contactless delivery go mainstream, the balance of physical and virtual still has a ways to go before a new equilibrium is found. Retail has always meant more to consumers than product acquisition; from the local hardware store to the fast-fashion emporium, it's offered a sense of community, the excitement of discovery and a spirit of aspiration for something that seems just within reach. As we enter an era where much of that experience is delivered virtually, what's left, physically, is not exactly inspiring. Recalibration is needed — and in sight.

To understand the changing nature of work in a world dominated by digital and disrupted by COVID-19, we surveyed 4,000 global executives globally and across industries, 287 of whom were from the retail industry. We found an executive class still reeling from the “retail apocalypse” that has seen the shuttering of age-old brands even amid consistently growing retail sales for the industry overall. Retailers appear ready to turn the corner with renewed focus on meeting customer needs through innovation and the use of digital technologies.

Key themes that emerged from our analysis include:

- 1 **Boosting technology budgets equates to better digital leadership.** Retail respondents plan to hike their investment in technology by 50% between now and 2023 (from 6% to 9% of revenues). To close the gap with the digital elite, traditional retailers will need to make the funding of technology initiatives a sustained priority over the next few years.
- 2 **Technology implementations mirror the convergence of virtual-physical retail.** At least 40% of retailers have gone beyond the pilot stage of implementing analytics, artificial intelligence (AI) and Internet of Things (IoT) technologies to create experiences that bring the best of the physical to the virtual, and vice-versa. New models of retail will result that seamlessly blend the two worlds.
- 3 **Digital ambitions are high.** The percent of revenues retailers expect from digital channels is above the cross-industry average but still far below the segment of respondents deemed “digital-first,” based on their percent of online sales and growth rate. Retailers need to keep aiming high to meet their stated digital ambitions and those set by the pandemic.
- 4 **The shift from commuting to “cocooning” will continue to reshape retail.** The widespread movement toward finding new purpose for our homes, including working remotely, isn’t just a COVID-19 fad — it’s here to stay. As consumers continue to equip their spaces with equipment for work, exercise and entertainment, and continue engaging in online shopping behaviors, retailers will need to respond. More than half of retail respondents said they’ll rely more on digital channels for customer interactions, as well as digital working practices for themselves.
- 5 **Digitization presents new dangers.** The increased reliance on digital tools and ever growing sophistication of hackers put businesses at ever greater risk of operational disruption. Retailers have taken note, with 63% of respondents listing digital terrorism as a concern.
- 6 **Retail must reskill for the future of work.** An overwhelming 86% of retailers anticipate a global talent shortage for workers. While automation and robotics will fill a portion of that gap, the race is on for organizations to cultivate deep talent pools for the work ahead.

**50%**  
growth in tech investments  
by 2023

Retail respondents plan to hike their investments in technology from 6% to 9% of revenues over the next two years.

## Retailers adjust to COVID's lasting impact

The accelerated shift in respondents' digital ambitions is reflected in their expected digital revenues. Retail respondents expect their digital sales to grow from 15% of revenues today to 22% by 2023, which is higher than the cross-industry average.



**The most notable impact of the COVID-19 pandemic has been to intensify not just how much time we spend at home but also the number of activities we engage in there, from working to exercising to socializing.**

This development has changed not just the product mix that consumers demand but also how they want to procure them. In the U.S. and UK, e-commerce saw three years of growth in three quarters in 2020, according to independent tech analyst Benedict Evans, shooting to 25% of all non-grocery retail in the U.S. and 40% in the UK.<sup>1</sup> According to McKinsey & Co., online shopping behaviors will continue post-pandemic, with 15% to 30% growth in online purchasing across a wide variety of retail categories.<sup>2</sup> As a result, retailers have needed to expand their omnichannel shopping options and renew their focus on e-commerce order fulfillment and contactless pickup or delivery.

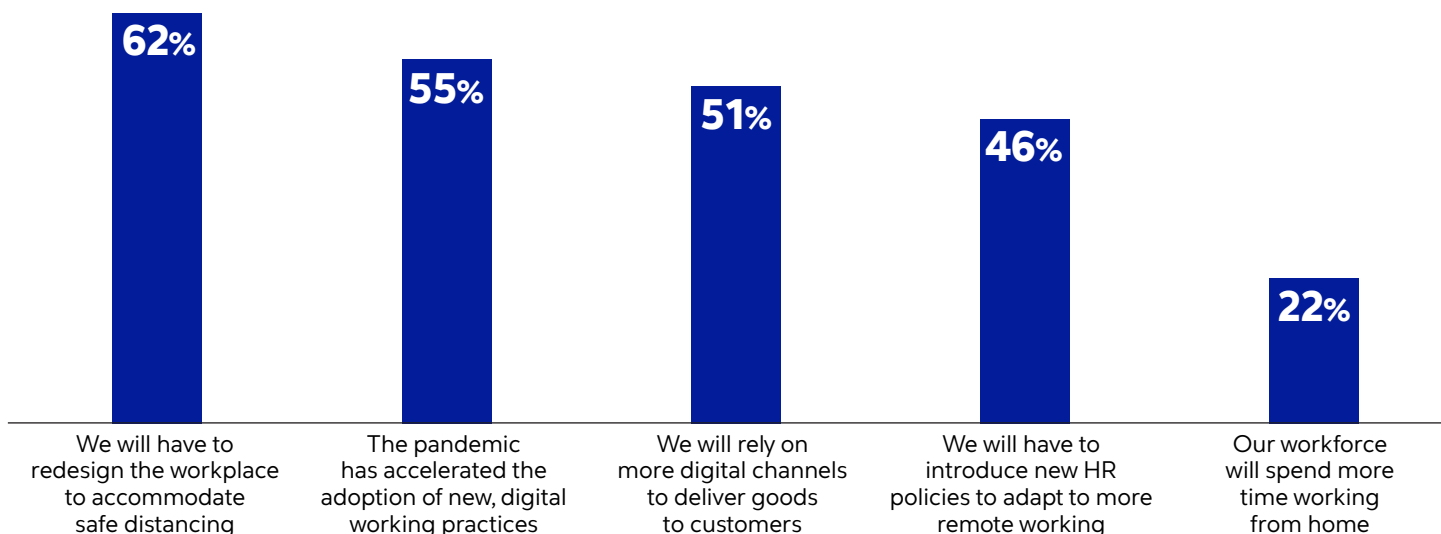
In our study, more than half of retail respondents said the pandemic accelerated their own adoption of digital working practices and will result in heightened reliance on digital channels to serve customers (see Figure 1). Nearly one-quarter expect their own employees to work from home more as a result of the pandemic — a surprising number given the

number of frontline workers employed in the retail sector. While the pandemic led to virtual work experimentation, the future calls for specific protocols and regulations to fully optimize and support remote working arrangements. Retail leaders recognize this, as 46% say they’ll need to introduce new HR policies in light of remote working.

Even as regions reopen, and consumers rush to experience live events, in-person social interactions and travel, the continued prevalence of remote work will likely keep consumers focused on making the most of their homes. This will lead to more demand for products related to home-based activities and retail processes that offer greater convenience. Robust omnichannel options, low-cost and speedy delivery services and expedient curbside service are set to become table stakes in the future of retail. And powering it all will be the data and analytics prowess to better understand what customers need and how to respond effectively.

**COVID accelerates digital retail**

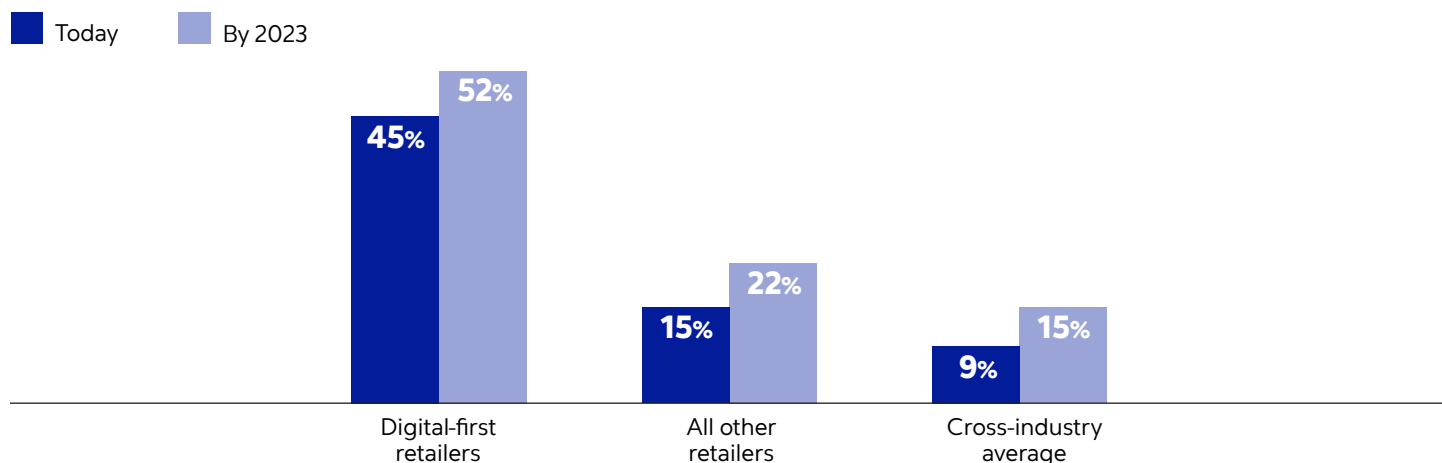
Respondents were asked how work would change as a result of the pandemic. (Percent of respondents who agree or strongly agree)



Response base: 287 senior retail leaders  
 Source: Cognizant Center for the Future of Work  
 Figure 1

## A digital revenues disconnect

Respondents were asked the percent of revenues earned through digital channels, now and in 2023.  
(Percent of revenues)



Response base: 38 “digital-first” respondents; 249 “all others,” 4,000 from across industries  
Source: Cognizant Center for the Future of Work  
Figure 2

The accelerated shift in respondents’ digital ambitions is reflected in their expected digital revenues. To gain a clear view of these expectations, we divided retailers into two camps: “digital-first” (those with very high online sales of 20% of revenues or more and are also seeing faster growth — 46% vs. 16%) and “all others” (those with online sales that are less than 20%). The second group expects to grow digital sales from 15% of revenues today to 22% by 2023, which is higher than the cross-industry average but far below those of their digital-first counterparts (see Figure 2). Pandemic-induced online buying trends indicate retailers should keep their sights set high to meet the evolving needs of increasingly digitally expectant customers.

This is particularly evident when you consider that the percent of retailers considering themselves to be ahead or far ahead of the competition grows from 32% today to 64% by 2023. While it will be mathematically impossible for more than half of retailers to be above average, achieving leadership status over the next few years will require a revenue profile increasingly aligned with the digital elite.

On the plus side, the second group of respondents plan to boost their investment in technology by 50% between now and 2023, from 6% to 9% of revenues. This is lower than the digital-first group of respondents, whose technology investments will grow from 12% of revenues today to 17% in 2023. Time will tell if these investments are sufficient. Consider that luxury retailer Saks Fifth Avenue, valued at \$2 billion, recently established a separate e-commerce company (dubbed Saks) through an investment of \$500 million in venture capital.<sup>3</sup>

Pandemic-induced online buying trends indicate retailers should keep their sights set high to meet the evolving needs of increasingly digitally expectant customers.

## Blurred boundaries between virtual and physical

A new crop of retailers has emerged throughout the U.S. to inject new life into the old model of the department store by physically replicating the virtual experiences of community, discovery and the “cool” factor of online brands.







**The idea of hybrid physical-virtual retail models has been accelerating — so much so, that even some previously physical-only experiences, like social shopping, are now accommodated in the virtual world (see Quick Take, page 10).**

This isn't to say consumers won't enthusiastically return to physical stores as the pandemic wanes, where they can enjoy the experiences the virtual world can't offer — a sense of “place,” a community vibe, compelling displays of products that can be touched and felt, the ability to return home with a purchase in-hand, shopping as family entertainment, retail as “therapy.” Ironically, though, they might yearn for what the physical experience can't offer but the online can: vast selection, personalized curation, influencer-driven brands, immediate access to product information and reviews.

The job for retailers is to become expert at combining the best of both worlds. At Lush Cosmetics' experimental store Lush Labs in Harajuku, Japan, for instance, displays are designed to maximize the olfactory and visual appeal for customers eager to share the experience online. This includes its “Naked” line, which is devoid of packaging and labels for sustainability reasons. So, in addition to the Instagram-worthy displays, the company has enabled shoppers to access information on product use and ingredients by combining machine learning with an open-source platform that incorporates hundreds of thousands of product images. When shoppers scan products with the Lush Lens AR app, it accesses the database, identifies the product and delivers not just product information but also videos of the signature bath bombs in use. Another benefit of this approach is that shoppers can peruse products in a contactless way — important during the pandemic.<sup>4</sup>

The direction of virtual-to-physical can also move in reverse. Take Macy's, which now provides online shoppers with the instant gratification of same-day delivery through a partnership with DoorDash, and Kohls, which has partnered with Snapchat to create virtual fitting rooms that allow customers to “try on” items without leaving their homes.<sup>5</sup>

Meanwhile, a new crop of retailers, including Showfields in New York City and Miami,<sup>6</sup> Re:store in San Francisco<sup>7</sup> and Neighborhood Goods in Austin and Plano (Texas) and New York City,<sup>8</sup> have emerged to inject new life into the old model of the department store by physically replicating the virtual experiences of community, discovery and the “cool” factor of online brands. These retailers offer large, experiential, multi-storied physical “places” in which shoppers can browse online brands that they'd otherwise only experience through their screens. All the while, they can interact with not just brand owners but also each other.

Rather than purchasing inventory and selling it at a margin, these retailers charge brand owners a fee for a presence in the store, as well as services like personnel, merchandising and a communal space. Using tracking technologies, the stores also collect information on customer behaviors and demographics, which they can both use themselves and provide back to the brand owners to optimize displays, brand selection and engagement.

Freed from inventory costs, the retailers can instead focus on offering a community-focused space, with live performances, places to eat and drink, art exhibits and even tattoo parlors. Shoppers get an immersive experience, with both digital touchpoints throughout the store and the chance to rub shoulders with influencers and even become part of the influencing community — but in a face-to-face way vs. virtually. In effect, these new types of stores are trying to create a place where you can actually “go” to get that anticipatory sense of being involved with something that's burbling underneath the surface and about to go viral.

Quick Take

## Social Shopping Apps

E-commerce has successfully matched, and in some ways exceeded, the convenience of the shopping mall. All your favorite stores are available in the same general vicinity (your digital device), and checkout is relatively straightforward. However, the social aspect has lagged behind. That looks to change, however, with the rise of new apps.

Live social shopping enables people to maintain the communal elements of physical shopping while maintaining the convenience or safety of the virtual world. Customers log on to a platform with friends where they can chat via video or text and see what others have placed in shopping bags. Startups all over the world are driving this trend forward by creating social shopping platforms that encourage discovery and discourse around the retail experience.

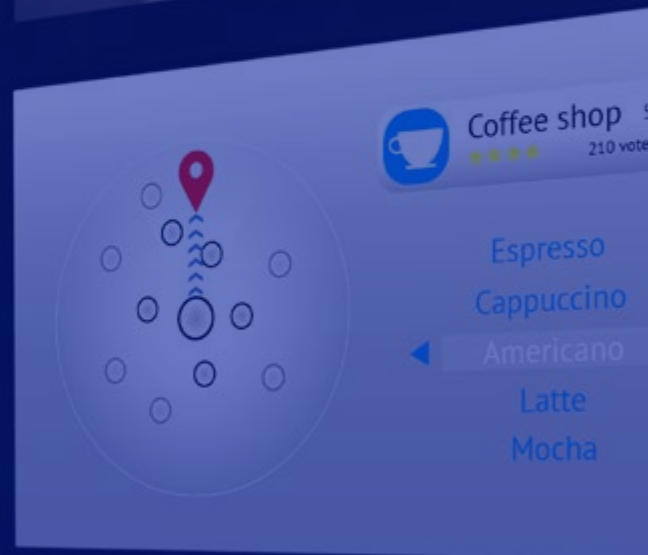
For example, China's Pinduoduo app rewards customers by offering discounts based on the size of their shopping groups. Integration with WeChat and other messaging apps encourages a more social approach and cultivates a sense of togetherness among shoppers. The app even includes a cooperative game to keep customers engaged when they're not actively shopping.<sup>9</sup>

In Israel, the eNvite app allows shoppers to show products to their friends via chat and elicit real-time feedback on potential purchases.<sup>10</sup> U.S. social ecommerce platform Verishop brings shoppers together via its Shop Party feature.<sup>11</sup> Users can invite up to five friends to an online shopping event at a dedicated time. They can view items in each others' carts and exchange messages via video and text.

Thus, the future of shopping is a lot like the past: meeting up with friends, getting their take on potential purchases, and checking out all the stores in your favorite shopping center. Except now, all that can be done from the comfort of home.

## Technology tells the tale

In our 2016 Work Ahead study, business leaders had predicted that AI and advanced analytics would be among the most impactful technologies in retail, and this prediction has held up in our current study. Both of these technologies, in addition to IoT, have been implemented beyond the pilot stage by nearly 40% of retail respondents.



**The uptake of these trends becomes clear through a look at the top technologies being deployed by retail respondents in our study.**

Note that in our [2016 Work Ahead study](#), business leaders had predicted that AI and advanced analytics would be among the most impactful technologies in retail, and this prediction has held up in our current study. Both of these technologies, in addition to IoT, have been implemented beyond the pilot stage by nearly 40% of retail respondents (see Figure 3).

All of these technologies point to the growing primacy of data and intelligence in the retail domain, from strengthening the customer experience, to cutting costs and boosting efficiency, to ensuring product quality, to optimizing product mix and placement, to providing product information or offers that influence a sale, whether online or in the physical store.

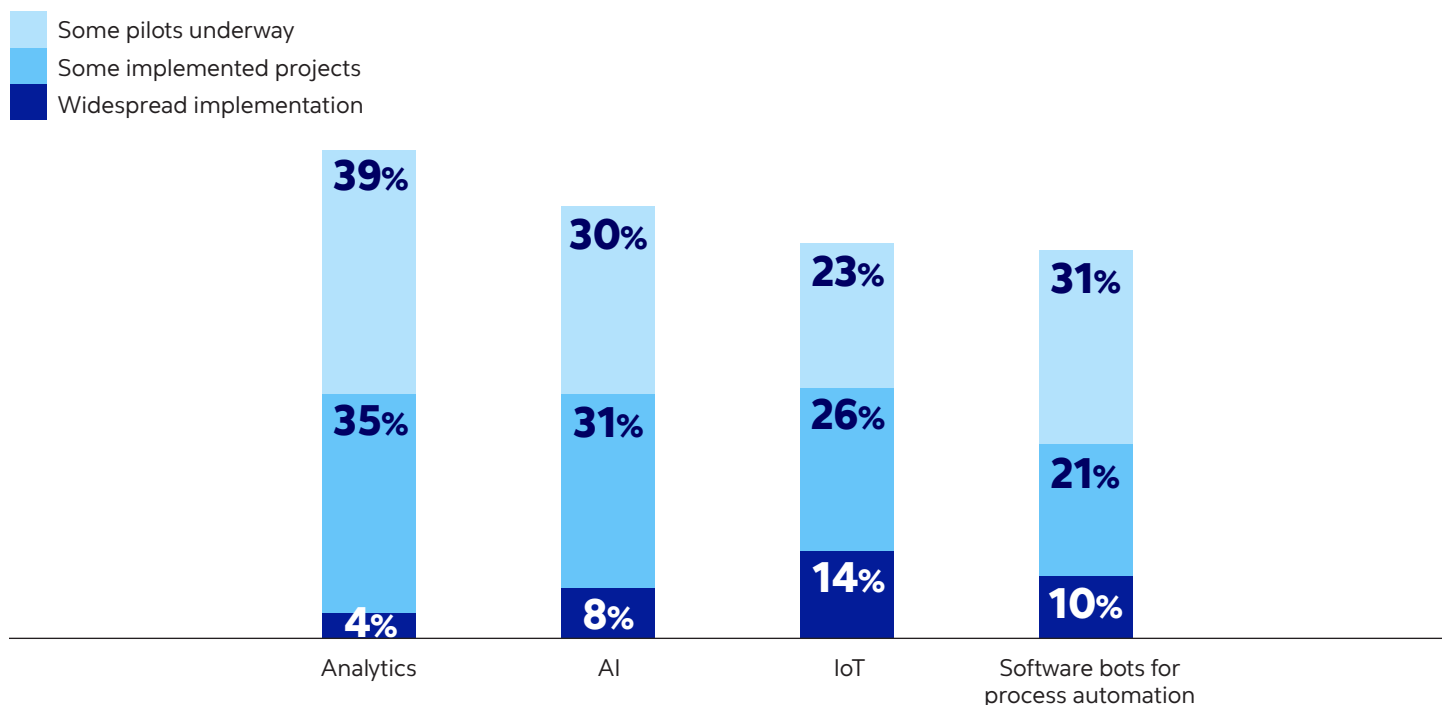
Grocers, for instance, are incorporating product, consumer and personal data onto intelligent search platforms that help them replicate the in-store experience of impulse purchasing.

While grocers benefited from a huge increase in online shopping during the pandemic, they missed the revenues gained by unplanned purchases, which account for 20% of in-store purchases.<sup>12</sup> These platforms [combine cognitive search, data modernization and e-commerce](#) to make highly contextualized product recommendations based on the shopper’s habits or dietary needs.<sup>13</sup>

AI and analytics are also being used to personalize the shopper experience. In partnership with digital retailer Farfetch, for example, Chanel has created the Boutique of Tomorrow at its flagship Paris location. Through an app, customers get a customized shopping experience based on their stated preferences and digital wish lists. Smart mirrors in the changing rooms provide recommendations for complementary purchases, and digital devices throughout the store help employees provide even more information or content to shoppers.

**Top technologies of today**

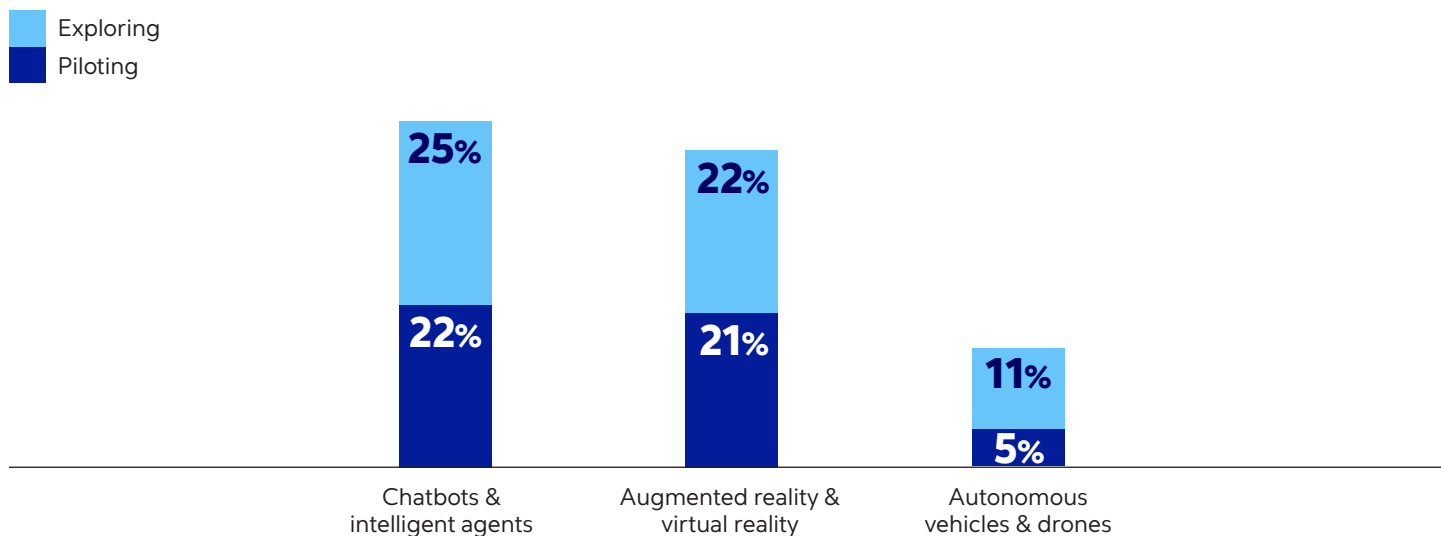
Respondents were asked about the progress they’d made implementing a variety of technologies. (Percent of respondents)



Response base: 287 senior retail executives  
 Source: Cognizant Center for the Future of Work  
 Figure 3

## Technologies over the horizon

Respondents were asked about the progress they'd made implementing a variety of technologies. (Percent of respondents)



Response base: 287 executives

Source: Cognizant Center for the Future of Work

Figure 4

These technologies are also enhancing store operations and providing insights that lower costs and improve profitability. At Sam's Club, a partnership with AI software provider Brain Corp. has resulted in autonomous robots not just doing routine cleaning of its stores but also scanning and analyzing shelves for adherence to floor plans and proper stock levels.<sup>15</sup> Service providers like Trax are combining connected sensors to track foot traffic in stores and AI-powered cameras that offer real-time insights on stock levels. Organizations then use that data to better allocate stock across multiple stores and increase shipping efficiency.<sup>16</sup>

During the pandemic, [an international convenience store chain](#) used agile analytics to assess how the crisis had changed its list of top-selling items. The analytics revealed that customers had begun seeking more grocery basics at convenience stores due to the anxiety associated with making long trips to large grocery stores. By using these insights to ensure adequate stock of in-demand items and placing them near the door, the retailer claims to have boosted average per-customer purchases by 25%.<sup>17</sup>

When combined in innovative ways, these technologies result in a whole new customer experience. While Amazon Go continues to garner the most headlines for cashierless shopping, China's

BingoBox chain has already opened 500 locations across Asia.<sup>18</sup> The retailer grants access to customers via QR code scanning. Then a suite of AI, facial recognition and product scanner technology allows shoppers to conveniently pay for their items and exit without the need for interacting with employees.

### Emerging shopping experiences

Our data also points to future technologies that are not, as yet, seeing high levels of implementation but are being widely explored. This next round of technology adoption will likely include intelligent agents, augmented and virtual reality technologies (AR/VR), and autonomous vehicles (see Figure 4). The technologies set to transform the next few years of retail will focus on customer experience with engaging and innovative approaches to delivering products and services.

**Chatbots and intelligent agents.** While chatbots might not at first seem like the most cutting-edge technology in retail, they are growing increasingly sophisticated. Through the use of natural language processing technology and sentiment analysis, chatbots have expanded their capabilities for interpreting customer inputs and broadening the nuance with which they respond.



Of particular note is the transition from text-based interfaces to voice-activated experiences. For example, men's skincare brand Mallama uses voice assistants to guide customers through the shopping experience on its e-commerce channel.<sup>19</sup> The scope and scale of voice-driven business applications will only accelerate as consumers become accustomed to the contactless shopping options popularized during the COVID-19 pandemic.

- Augmented and virtual reality.** Digital leaders in retail had already launched programs in the AR/VR space, but the pandemic promises to fast-track adoption by businesses and consumers. IDC, for example, predicts spending on AR/VR to jump from \$12 billion in 2020 to over \$72 billion in 2024.<sup>20</sup>

Using AR filters, makeup brands like Sephora enables consumers to try digital product samples in a touchless way.<sup>21</sup> Home improvement retailer Lowe's launched its "Holoroom" in 2017 to help customers visualize potential renovation projects in-store. The program has since grown to include in-store navigation and at-home showroaming.<sup>22</sup>

In-store AR applications are also taking hold. With its AR app, Zara has brought the excitement of the runway to its store displays. Customers can point their phones at shop windows to view models in the latest collection of clothes. The content from the app can be shared via social media, or customers can use it to make purchases.<sup>23</sup>

Forward-thinking retailers will use this time to develop more robust platforms that use the technology to provide greater convenience and engagement with customers outside of more traditional sales channels.

- Autonomous vehicles and drones.** The growth of e-commerce had been steady for the past decade, but the surge in 2020 revealed the continued challenges in last-mile fulfillment. The holiday season saw delays of several weeks or more for parcels that would normally reach their destinations within days. In response to this bottleneck, retailers are exploring alternatives for order deliveries.

Drone deliveries offer lightweight, agile options for retailers located within close proximity of their customers. Logistics leaders must work through issues related to battery power and slow-developing legislation about when and where such devices can be used.

Alternatively, autonomous vehicles offer a complete reimagining of the supply chain. Stores have already begun testing out cross-country deliveries of goods via self-driving cargo trucks. And retailers are reimagining shopping altogether with new partnerships. Kroger and Nuro, WalMart and Waymo, and Ahold and Robomart have all worked together on autonomous vehicles that bring fresh produce and other kitchen staples right into their customers' neighborhoods.<sup>24</sup> While autonomous deliveries remain in the pilot phase for a select few innovators, the technology has the potential to completely upend the way we shop and every link of the retail supply chain.

## Addressing digital downfalls

As digital marketing campaigns amass greater amounts of detailed data from customers, 61% of retail respondents expressed concern that customers' personal information will be disclosed or over-shared.



## While new technologies present exciting opportunities for growth and novel customer experiences, increased use of digital technologies and approaches in the retail industry also presents pitfalls.

Among retail respondents, 63% were moderately to significantly worried about digital terrorism, and another 63% shared concerns about their customers being exposed to fraud or theft (see Figure 5). The increasing capability and tenacity of state-funded hacking groups only further validate this concern. Such attacks have become a common occurrence across the entire business landscape. Macy's, the now closed Lord & Taylor, Poshmark and many more retailers have all been targeted by hackers in recent years.<sup>25</sup>

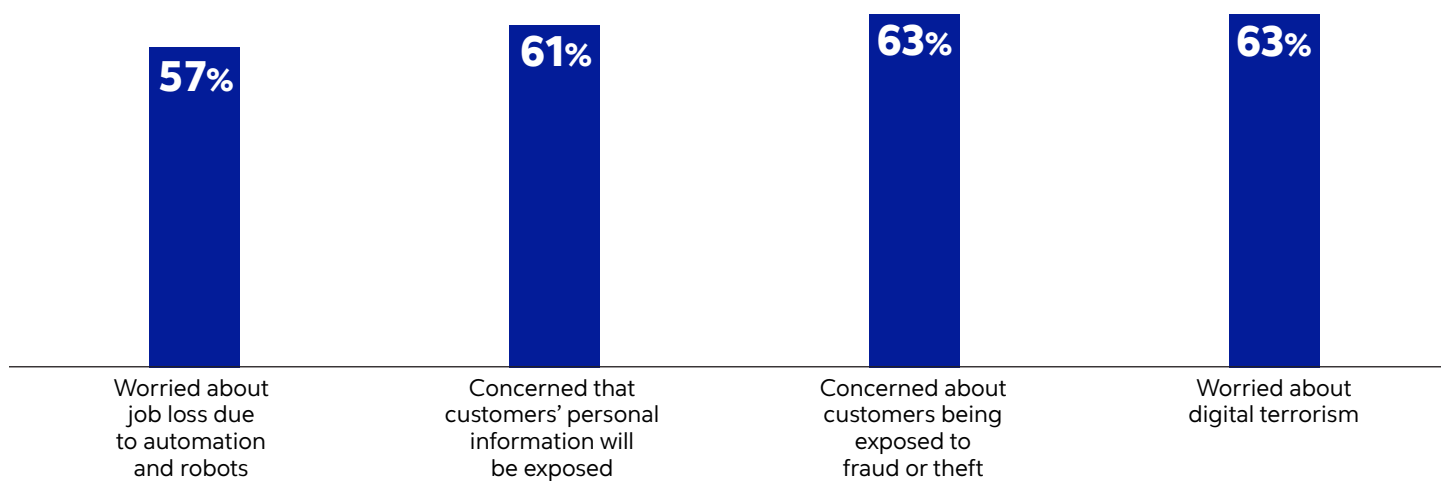
The boost in online sales from the pandemic makes retailers an even more attractive target to hackers. British retailers partnered with the National Cyber Security Centre to create the Cyber Resilience Toolkit for Retailers.<sup>26</sup> The toolkit suggests best practices like embedding cybersecurity into business objectives and organizational culture; establishing the key components of the business that need the most protection; and understanding the threat profile specific to the organization. In addition to vigilant and cutting-edge cybersecurity programs, brands must practice foresight in how they will handle the fallout of such an attack. Doing so helps prepare thoughtful customer reassurances, and a decisive plan of action to mitigate further damage once detected.

As the challenge evolves from individual bad actors to coordinated and well-funded attacks, partnerships between the private and public sector must strengthen. Relatedly, retail executives acknowledge the dangers of their own business practices. As digital marketing campaigns amass greater amounts of detailed data from customers, 61% of retail respondents expressed concern that customers' personal information will be disclosed or over-shared. Enacting strategies that mitigate risk to the private information they collect from customers is mission-critical work ahead.

Also of notable concern for retail executives (57%) was the threat of job loss due to AI and robotics. While we anticipate an equal number of new jobs to replace those lost to automation, the losses will have an outsized impact on roles like retail clerks and warehousing specialists. Retailers may save on payroll in such instances, but lose out on the institutional knowledge of the workforce they replace. Such threats looming over employees can also lead to disengagement and reduced morale. Those that succeed in the future of retail will find innovative and efficient ways to re-skill their frontline workers for new, more digital types of work.

## Along with benefits come concerns

Respondents were asked about the top concerns they had regarding the increased use of digital technologies in their industry. (Percent of respondents citing high or moderate concern)



Response base: 287 executives

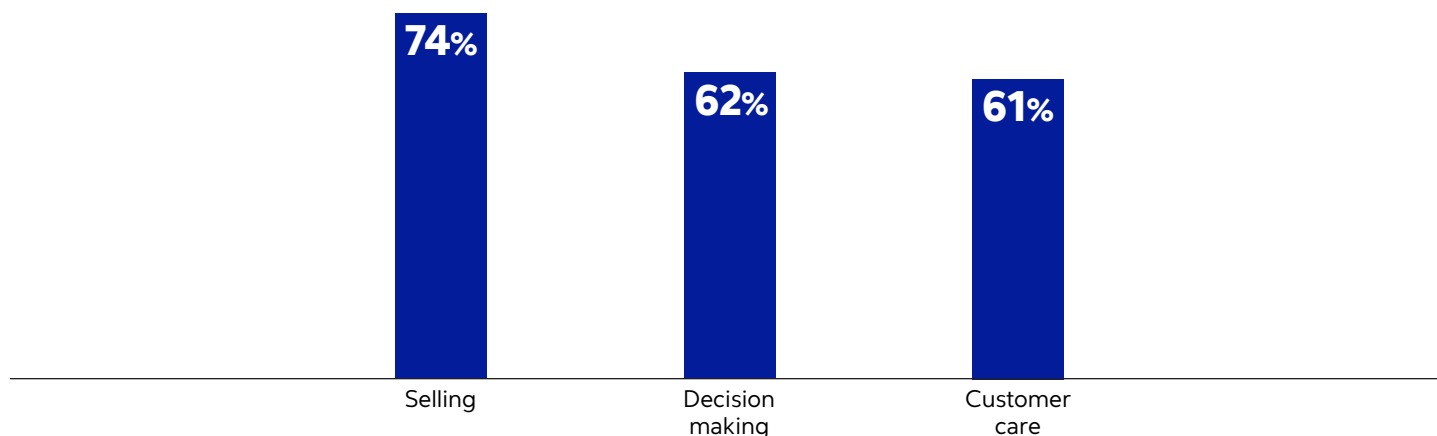
Source: Cognizant Center for the Future of Work

Figure 5



## Skills of the future in retail

Respondents were asked which skills would grow in importance between now and 2023.  
(Percent of respondents)



Response base: 287 executives

Source: Cognizant Center for the Future of Work

Figure 6

### New skills needed

Any discussion about the future of work calls for an assessment of the skills required for that work. Like all industries, the work ahead in retail requires an ever evolving reskilling plan to meet the demands of increasingly dynamic work environments. As it stands, 86% of retail leaders anticipate a global talent shortage in their industry. The vast majority of decision makers (92%) believe this shortfall will be caused by a greater need for technical expertise. More specifically, they expect an emphasis on analytical skills as access to and importance of data continues to grow.

Retail organizations preparing for the future of work will also find themselves using familiar skills, but deploying them in new ways to make the most of emerging opportunities. When asked which skills will grow in importance between now and 2023, retail respondents indicated selling (74%), decision-making (62%) and customer care (61%) as their top priorities (see Figure 6).

While sales has always been the foundational skill for retail, the digital transformation of the industry calls for new techniques as emerging sales platforms like social media and AR/VR continue to develop. Without the immediate feedback of face-to-face engagements, these new platforms require alternative methods for understanding customer pain points and reacting to their inputs in real time.

This dynamic again emphasizes the importance of data-gathering and analysis skills. An example is Neiman Marcus, which in addition to announcing layoffs in late 2020 and making clear that its future strategy would be heavily digital also confirmed it would be hiring in several new position categories, including service ambassadors, digital client advisors and personal stylists.<sup>27</sup>

What e-commerce lacks in interpersonal engagement, it makes up for with more quantifiable processes that retailers can study to maximize efficacy and customer experience. And as retailers improve the hybrid shopping model, they can combine both quantitative and qualitative insights to provide more customized shopping experiences.

## Quick Take Shopatainment

Teleshopping began in the 1980s with loquacious hosts selling products via live demonstrations on free-to-air television channels. New platforms, new technologies and new cultural norms are combining to spur the latest iteration of this retail channel. It's called "shopatainment." Coined by tech investor Connie Chan, the term refers to sellers producing entertaining content that leverage their online followings to sell more products.<sup>28</sup> These sellers can be brands or individual celebrities and influencers.

While the trend is still gaining traction throughout most of the globe, shopatainment has found a receptive audience in China. In 2019, the livestream shopping market in China was worth \$66 billion, and the COVID-19 pandemic has been forecast to more than double that figure.<sup>29</sup> There, the trend quickly evolved from lo-fi home videos to studio-quality productions on platforms like TaoBao.

Major retailers and tech companies in the U.S. now look to mimic that success. Among the most notable has been the collaboration between Walmart and TikTok, in which the social network hosts a shoppable livestream feature enabling users to purchase apparel from Walmart via the app.<sup>30</sup> This leverages the entertainment value of TikTok influencers to promote Walmart products and drive e-commerce sales.

Several of the most prominent tech companies are also developing their strategies in the emerging shopatainment space, including Google's Shoploop, Amazon Live and Instagram Live Shopping. This trend also broadens the scope of what is considered a retail company. Companies traditionally positioned as content creators can monetize their audiences with targeted product offerings. Brands like Bleacher Report, the sports video service, could emerge as potential competitors to more established retail brands. The company has leveraged its library of content to convert viewers into customers for its sports-themed apparel offerings.<sup>31</sup>

The development of the shopatainment trend indicates a future of retail in which companies base their efforts around cultivating a fervent audience rather than breakthrough products.

## Preparing for the future of retail

In the aftermath of the post-pandemic rush to online shopping, the onus is on retailers to find new ways, physically and virtually, of providing a communal space that fulfills consumers' desire for engagement, discovery and aspiration for something "more."



**Retailers tend to approach the future with much trepidation and only after proven success from others. The work ahead calls for active experimentation and long-term focus to meet customers where they will be in five-, seven- or even 10-year time horizons.**

The following recommendations provide a path forward for brands to navigate the ever-evolving future of retail:

- I Invest in immersion.** Digitizing your sales catalog is no longer adequate for digital retail experiences. Digitally native consumers expect entirely new experiences outside of physical storefronts. Identify the right mix of physical/digital experiences to best tell your brand story across AR/VR, streaming video services and customized in-person activations that immerse customers in engaging experiences. Approach your business as if it were a digital-first entity to break free of status quo approaches that can plague more traditional, physical-first retailers.
- I Use community to facilitate commerce.** Customers aren't just buying a product; they're buying a persona. Retail has always provided consumers with a place to gather, see and be seen, and even as physical shops close, consumers will continue looking for new sources of rituals and community. Look to the digitally native/vertically integrated brands for acquisition and partnership opportunities or invest internally in trendsetting and anthropology resources to aid in community building efforts.
- I Eye the enablers.** The players to watch aren't retailers at all but those augmenting it like Instacart, Shopify, Square, Stripe, MailChimp, MikMak, Starship, Fetch and more. These brands are the utility services for the digital economy. Their experimentations and product launches provide indications of where commerce is headed before trends become readily apparent.
- I Home is where the cart is.** E-commerce isn't new, but consumers' level of attachment to it is newly intensified. Develop strategies that enable a more pleasant home life and tap into increasing desires for convenience (subscriptions, omnichannel, etc.). Conversely, challenger brands can push for experiences to get consumers out of the home, offering solutions to the inevitable cabin fever of more home-based working arrangements.

**I Turn crisis to catalyst.** Use this experience as an inflection point to review outdated processes, ideologies or product offerings. It's a brave new world, which means the current climate is a forgiving environment to experiment with new ways of doing business.

## Shop 'til you drop

From fishmongers to farmer's markets, retail has served as more than a way to consume goods — it's also been a bedrock of community. In the aftermath of the post-pandemic rush to online shopping, the onus is on retailers to find new ways, physically and virtually, of providing a communal space that fulfills consumers' desire for engagement, discovery and aspiration for something "more."

Clearly, digital technologies and mindsets will play a key role, as will new and innovative models of retail. Those that invested in innovation before the pandemic have weathered the storm the best. That dynamic will continue well into the next crisis that confronts the industry, whatever that may be.

One thing is for sure: The best of the retail experience is and will remain the relationship between consumers and the store, wherever that may be. As retailers continue recalibrating their place in both the physical and virtual landscape, consumers will eagerly await what's next on the Main Streets, High Streets and online channels of the world.

# Methodology

Cognizant commissioned Oxford Economics to design and conduct a study of 4,000 C-suite and senior executives, including 287 from the retail industry. The survey was conducted between June 2020 and August 2020 via computer-assisted telephone interviewing (CATI). Approximately one-third of the questions were identical to those included in the 2016 Work Ahead study, allowing us to compare responses and track shifting attitudes toward technology and the future of work.

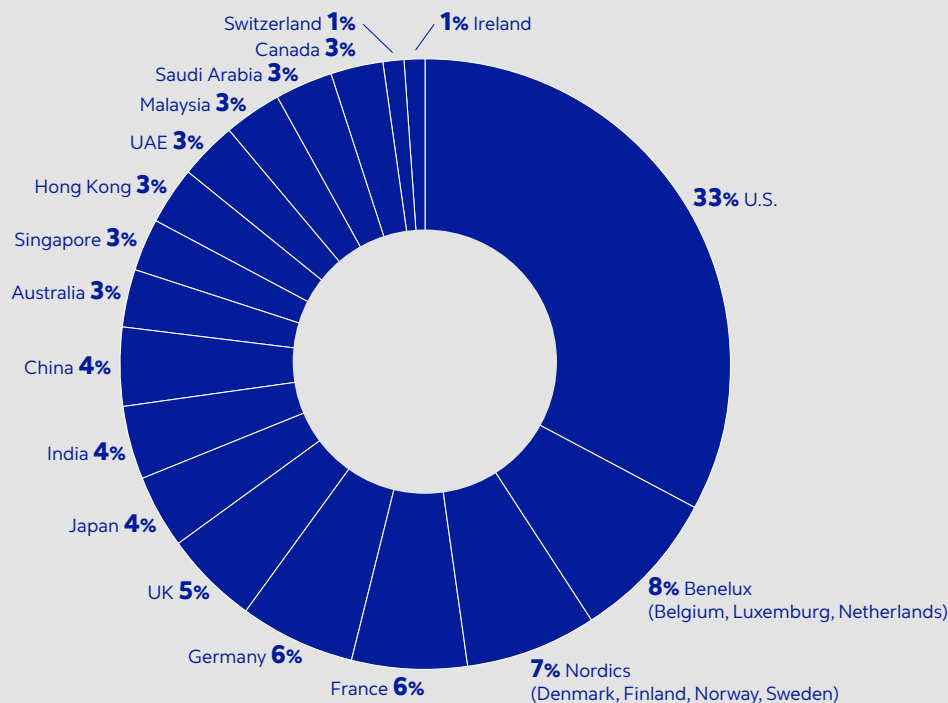
Respondents were from the U.S., Canada, UK, Ireland, France, Germany, Switzerland, Benelux (Belgium, Luxemburg, Netherlands), Nordics (Denmark, Finland, Norway, Sweden), Singapore, Australia, Malaysia, Japan, China, Hong Kong, India, Saudi Arabia and UAE. They represent 14 industries, evenly distributed across banking, consumer goods, education, healthcare (including both payers and providers), information services, insurance, life sciences, manufacturing, media and entertainment, oil and gas, retail, transportation and logistics, travel and hospitality, and utilities. All respondents come from organizations with over \$250 million in revenue; one-third are

from organizations with between \$250 million and \$499 million in revenue, one-third from organizations with between \$500 million and \$999 million in revenue, and one-third with \$1 billion or more in revenue.

In addition to the quantitative survey, Oxford Economics conducted 30 in-depth interviews with executives across the countries and industries surveyed. Interviewees who responded to the survey have a track record of using emerging technology to augment business processes. The conversations covered the major themes in this report, providing real-life case studies on the challenges faced by businesses and the actions they are taking, at a time when the coronavirus pandemic was spreading around the world and companies were formulating their strategic responses. The resulting insights offer a variety of perspectives on the changing future of work.

The following figures represent the demographics of the 4,000 respondents from the full global study.

## Respondents by geography



(Percentages may not equal 100% due to rounding)

## Respondents by role

- 13%** Vice President
- 13%** Chief Operating Officer
- 13%** Director reporting to senior executive
- 13%** Senior Vice President
- 12%** President
- 12%** Chief Executive Officer
- 12%** Chief Financial Officer
- 12%** Other C-suite Officer

## About the author



### **Girish Dhaneshwar**

#### **Consulting Leader, Cognizant's Retail, Consumer Goods, Travel & Hospitality Practices**

Girish Dhaneshwar leads Cognizant's consulting practice for the retail, consumer goods and travel & hospitality industries in North America. In a career spanning over 25 years, he has handled key leadership roles in the retail/CPG industry and as a consultant across North America, Middle East and Asia.

After joining Cognizant in 2008, Girish led large transformational programs for some of the world's largest companies. Prior to Cognizant, he worked with leading multinational businesses such as PepsiCo, Marico and Manhattan Associates. In recent years, he has built a strong retail transformation practice, helping customers adapt to the rapid changes driven by the new digital economy. He has been working with customers on transformational programs in the area of omnichannel commerce and also spearheaded Cognizant's efforts in the area of consumer transparency and helping customers realize the associated benefits across the value chain.

Girish completed his post-graduate program in manufacturing management from the SP Jain Institute of Management and Research, Mumbai, and earned his bachelor's in metallurgical engineering from the University of Pune, India.

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# THE WORK AHEAD

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Center for  
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